DOCUMENT RESUME

ED 228 501 CE 035 695

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TITLE	Obtaining Technical Assistance. PACE Revised. Level 2. Unit 4. Research & Development Series No. 240BB4.
INSTITUTION	Ohio State Univ., Columbus. National Center for Research in Vocational Education.
SPONS AGENCY	Office of Vocational and Adult Education (ED), Washington, DC.
PUB DATE	83
CONTRACT	300-78-0032
NOTE	13p.; For related documents, see CE 035 672-729.
AVAILABLE FROM	National Center Publications, Box F, The Ohio State University, 1960 Kenny Road, Columbus, OH 43210 (Complete set--$120.00; individual levels--$45.00 each; instructors' guides--$14.50 each; resource guide--$7.95; module sets--$35.00 each level; individual modules--$2.50 each).
PUB TYPE	Guides - Classroom Use - Materials (For Learner) (051)
EDRS PRICE	MF01/PC01 Plus Postage.
DESCRIPTORS	Administrative Principles; Adult Education; Behavioral Objectives; Business Administration; *Business Education; *Business Skills; Career Choice; *Consultants; Educational Resources; *Entrepreneurship; Learning Activities; Learning Modules; Management Games; Managerial Occupations; Postsecondary Education; Secondary Education; *Small Businesses; *Technical Assistance; Units of Study
IDENTIFIERS	*Program for Acquiring Competence Entrepreneurship

ABSTRACT

This unit on obtaining technical assistance in a small business, the fourth in a series of 18 modules, is on the second level of the revised PACE (Program for Acquiring Competence in Entrepreneurship) comprehensive curriculum. Geared to advanced secondary and beginning postsecondary or adult students, the modules provide an opportunity to learn about and try out entrepreneurship ideas so that students can make a preliminary assessment of how these ideas relate to personal needs. The units on this level contain detailed explanations of small business principles, suggestions on how to find information and use techniques, and encouragement for creating a future business. Students completing this unit should be able to perform these competencies: (1) identify the technical assistance needed by entrepreneurs and (2) determine what technical assistance they need. The unit is organized into five sections. Following a preliminary section on how to use the unit (with vocabulary and a review of the objectives for this topic on level 1), the unit's information is presented in question-and-answer format. Individual and group activities, an assessment to be completed with the teacher, and sources used to develop the unit follow. A list of the modules of Revised PACE, Level 2 completes the unit. (KC)

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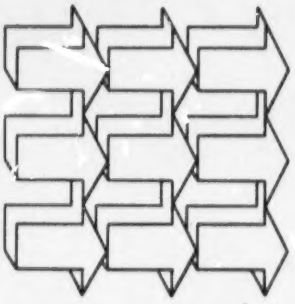
PACE
REVISED
Program for Acquiring Competence in Entrepreneurship



UNIT 4

☐ Level 1
☑ Level 2
☐ Level 3

Obtaining Technical Assistance

Developed by M. Catherine Ashmore and Sandra G. Pritz

You will be able to:

- **Identify the technical assistance needed by entrepreneurs.**
- **Determine what technical assistance you need.**

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Research & Development Series No. 240 BB 4

BEFORE YOU BEGIN. . .

1. Consult the *Resource Guide* for instructions if this is your first PACE unit.
2. Read the Unit Objectives on the front cover. If you think you can meet these objectives now, consult your instructor.
3. These objectives were met at Level 1:

   - Discuss how technical assistance can help the entrepreneur
   - Identify the types of technical assistance needed by the entrepreneur
   - Know where to find technical assistance

   If you feel unsure about any of these topics, ask your instructor for materials to review them.

OBTAINING TECHNICAL ASSISTANCE

WHAT IS THIS UNIT ABOUT?

This unit will help you learn about the kinds of technical assistance most often needed by small business owners. You will also have the opportunity to analyze your own needs for technical assistance and to set up a file of technical assistance sources for your business.

WHY DO ENTREPRENEURS NEED OUTSIDE HELP?

If you were asked to list all of the kinds of technical assistance you might need as an entrepreneur, how many entries would you have in your list? Three? Ten? A hundred?

Actually your list should contain as many types of technical assistance needs as there are many tasks you will have to perform as a small business owner. You cannot expect to know everything you need to know about the owner/manager's job, even if you are an expert in some areas. The job of an owner/manager is just too complex.

Even if it were possible to become skilled in all phases of small business ownership, modern technology is developing so rapidly that you would need to spend all your time studying just to keep up.

So don't feel reluctant to say, "I don't know." Whatever you don't know is known by someone, and that information is available to you if you just know where to look. You will be able to make use of a great number of technical assistance services once you discover what kinds of help you might need and where you might find help.

HOW CAN TECHNICAL ASSISTANCE BE ORGANIZED?

One way to organize the technical assistance services is to classify the help available into the four major categories of business operation:

- Manufacturing and production
- Marketing management
- General organization and management
- Financial management

These four major classifications will form the major divisions of the technical assistance file that you should develop. The types of help needed in each area will be outlined and possible sources of help will be suggested for each one.

WHAT MANUFACTURING AND PRODUCTION ASSISTANCE IS NEEDED?

Small manufacturers or producers often need assistance that wholesalers or retailers do not need. For example, the owner of a dairy farm may seek assistance related to production methods or standards. If you manufacture souvenirs that you sell to handicraft dealers, you might also need assistance related to production methods or standards. However, the two industries are so different that the same source of assistance might not be able to serve both needs.

In both cases, the entrepreneur needs specific skill and experience in an identified area of need. Manufacturers and producers in any industry might need assistance for—

- Product planning or engineering
- Production methods or control or standards
- Quality control and standards
- Cost control
- Plant location and layout
- Systems management
- Warehousing
- Traffic and transportation
- Materials handling
- Labor and employee relations

The sources of technical assistance for manufacturing and production firms include—

- Business associations related to the area of specialization
- Government agencies related to the area of specialization
- Educational institutions with related instruction or research programs
- Professional services such as lawyers, accountants, or technical and management consultants
- Publications related to the area of specialization

WHAT MARKETING ASSISTANCE IS NEEDED?

All businesses are related in some way to marketing. Both the manufacturer of souvenirs and the producer of dairy products mentioned previously are concerned with marketing their products. Even professionals who sell their services are concerned with marketing. Even "noncommercial" institutions like hospitals have marketing problems from time to time.

The marketing of goods and services is the heart of entrepreneurship. Every business owner who expects to make a profit—manufacturers, producers, brokers, commission merchants, distributors, wholesalers, or retailers—is involved in marketing. Technical assistance for marketing can be classified into the following categories:

- Marketing research
- Marketing strategies
- Purchasing and inventory management
- Pricing
- Physical distribution
- Selling methods
- Sales promotion
- Packaging
- Site selection
- Traffic and warehousing
- Materials handling

The sources of technical assistance for marketing problems include—

- Marketing researchers
- Consultants for general marketing, advertising, direct mail, packaging, product development, sales promotion, and site selection
- Suppliers
- Business associations
- Government agencies
- Educational institutions
- Publications
- Professional services such as lawyers and accountants

WHAT GENERAL ORGANIZATION AND MANAGEMENT HELP IS NEEDED?

Every business owner is concerned with providing the best administrative leadership possible. But not all small entrepreneurs have the skill and experience required to accomplish this task.

Statistics show that most businesses that fail do so as a result of poor management. A world of help exists outside your business to assist you with organization and management chores. Technical assistance in this area can be classified as follows:

- Designing business systems and procedures for every part of the firm
- Organization planning and development
- Policy development and management
- Legal structure
- Public relations
- Personnel management and development
- Recordkeeping
- General administration

The sources of technical assistance for general organizatic management problems include:

- Business associations
- Government agencies
- Educational institutions
- Professional services, primarily management consultants, buyers, and accountants
- Publications

WHAT FINANCIAL MANAGEMENT HELP IS NEEDED?

The entrepreneur's administrative responsibilities for maintaining the financial health of the firm are listed in a separate category because so much technical assistance is concentrated here. From the time a business is first conceiv in the mind of the would-be entrepreneur throughout the er process of planning and operating the business, financial matters are critical. Financial matters which often require technical assistance are—

- Tax management and reporting
- Financial statement preparation and analysis
- Financial planning, budgeting, and control
- Accounting
- Credit and collections
- Capital investment, financing

The sources of technical assistance for financial matters include—

- Business recordkeeping firms
- Business associations
- Government agencies
- Educational institutions
- Professional servicepersons such as bankers, management consultants, accountants, and financial accountants
- Supplier's credit departments
- Publications (such as those produced by Dun and Bradstreet and National Cash Register—these provide excellent sources of business and credit data)

Whether the entrepreneur's problem is in designing a new product, analyzing the company organization, solving a production engineering difficulty, increasing sales, or developing a business plan, technical assistance is available.

Some of the sources of technical assistance are listed in the PACE *Resource Guide.*

WHAT TECHNICAL ASSISTANCE DO YOU NEED?

You probably already have achieved a high level of skill and experience in several aspects of entrepreneurship. But you have undoubtedly identified some other areas in which you will need to seek technical assistance. Now it is time to consider the help you might need and to organize sources into a file to locate help when you discover problems.

One way to identify your needs is to evaluate your own level of skill and experience for the tasks you will have to perform in each of the four management categories. If you have partners or key subordinates, you should analyze their strengths and weaknesses as well.

Once you have identified the strengths and weaknesses for each management category, you should highlight the weaknesses with red ink. The red ink serves as a flag to mark a potential danger area—an area where you should be prepared to seek technical assistance.

ACTIVITIES

Do you feel knowledgeable about what it takes to find technical assistance? The following activities will help you find out.

INDIVIDUAL ACTIVITY

Use Handout No. 1, "Assessment of Management Skill ar. Experience in (Name of Company)" to identify the strengt..s and weaknesses in your firm. Mark the weaknesses in red. (Handout No. 1A will help complete Handout No. 1.)

Use Handout No. 2, "Setting Up a Technical Assistance File," to organize your own set of file cards to help you locate the help your company may need.

GROUP ACTIVITY

Discuss your analysis of strengths and weaknesses with your teacher and classmates. See if they agree with your strengths and weaknesses based on the information you give to support your decisions.

Francisco Monteya worked for twelve years and saved his money for the day when he could have his own business. He decided in 1982 that his heart's desire was to operate a game arcade in his home town of Los Angeles.

Frank's work experience is varied. His most recent job was managing a fast food operation. For a long time, he thought about buying a fast food franchise, but the computer game craze intrigued him even more. He was dreaming about the game business for himself when a series of misadventures occurred.

One morning Frank struck up a conversation with a fellow who was having breakfast in the restaurant. The man was wearing cowboy clothing and seemed to be a friendly sort. Before he knew it, Frank was caught up in the man's enthusiasm.

The man's name was Bill Johansen. He told Frank about a twenty-acre "spread" that he was selling in Oregon. After a few days of extended conversation, Bill had convinced Frank that he should invest his savings in the twenty-acre "ranch." He assured Frank that he would be able to get an SBA loan at low interest to set up his amusement store in Anderton, Oregon.

It seemed like a real bonanza to Frank and before he realized what he had done, he had left his family in L.A. and headed for the wide open spaces of Oregon. He had "closed the deal" on the twenty acres before he realized that the land was so eroded that it was good for nothing.

His plans to open the amusement store were ruled out by the town leaders who were "seeking to protect the morals" of their young people. With the low state of the general economy, there was little else to do but get a job as a short order cook.

Now, Frank's family has been forced to move in with his parents in San Jose, California. He has a job picking vegetables on a truck farm nearby. "Everything went sour," says Frank.

Answer these questions. Discuss your answers with your teacher or with other class members.

1. How could technical assistance have helped Frank in his entrepreneurship venture?

2. What types of technical assistance did Frank need?

ASSESSMENT Directions: Explain in your own words each of the following statements about technical assistance.

1. You cannot expect to know all you need to know about an entrepreneur's job—even after you become experienced.

2. One way to organize the wide variety of assistance available to you is to use the four broad categories of business management as "containers" for classifying the services you might need.

3. The most efficient way of determining your need for technical assistance is to evaluate your own level of skill and experience and that of your key subordinates or partners.

4. Once you have identified strengths and weaknesses for each management category, you should highlight the weaknesses with red ink.

NOTES

[1]Dun and Bradstreet, *Cost of Doing Business*. New York: Dun and Bradstreet. Published annually.

Dun and Bradstreet. *Key Business Ratios*. New York: Dun and Bradstreet. Published annually.

[2]National Cash Register Company. *Expenses in Business*. Dayton, Ohio: NCR. Published annually.

For further information, consult the lists of additional sources in the *Resource Guide*.

PACE

Unit 1. Understanding the Nature of Small Business

Unit 2. Determining Your Potential as an Entrepreneur

Unit 3. Developing the Business Plan

Unit 4. Obtaining Technical Assistance

Unit 5. Choosing the Type of Ownership

Unit 6. Planning the Marketing Strategy

Unit 7. Locating the Business

Unit 8. Financing the Business

Unit 9. Dealing with Legal Issues

Unit 10. Complying with Government Regulations

Unit 11. Managing the Business

Unit 12. Managing Human Resources

Unit 13. Promoting the Business

Unit 14. Managing Sales Efforts

Unit 15. Keeping the Business Records

Unit 16. Managing the Finances

Unit 17. Managing Customer Credit and Collections

Unit 18. Protecting the Business

Resource Guide

Instructors' Guide

Units on the above entrepreneurship topics are available at the following three levels:

- Level 1 helps you understand the creation and operation of a business
- Level 2 prepares you to plan for a business in your future
- Level 3 guides you in starting and managing your own business

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